

GOVERNMENT OF TELANGANA

ABSTRACT

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation borrowing the loan of Rs.1816.00 crores (Term – I of Rs.1440.00 crores and Term-II of Rs.376.00 crores) from Bank of India to provide drinking water supply to Ranga Reddy and Mahabubnagar Districts under Mission Bhagiratha with an estimated Project Cost of Rs.2270.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.RT.No. 1062

Dated: 29-12-2016

Read the following:-

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept.,dt.15.05.2015.
- 2.From the Asst. General Manager, Bank of India, Khairathabad Branch, Ref.No.KHB/ADV/2016-17/001 dt.2.12.2016.
- 3.From the ENC, RWS&S, Hyd., Lr A2/TDWSP/Bank of India/2016, Dt.8.12.2016.
- 4.G.O.Rt.No.1050, PR&RD (RWS.IV) Dept., dated.27.12.2016

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Bank of India, Hyderabad, while enclosing the terms and conditions applicable to obtain loan from them for Telangana Drinking Water Supply Corporation in two segments in Ranga Reddy and Mahabubnagar Districts has sanctioned term loan amount of Rs.1816.00 crores (Term-I of Rs.1440.00 crores and Term-II loan of Rs.376.00 crores) out of the total project cost of Rs.2270.00 cores (excluding Interest During Construction).

3. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Bank of India for implementation of two segments 1) Providing Drinking water to Chevella, Vikarabad, Parigi, Thandur & Maheshwaram Constituencies in Ranga Reddy Dist from Srisailem Reservoir at a total project cost of Rs.1800.00 Crore and 2) Providing Primary Transmission System from Yellore Reservoir till secondary transmission system within Mahabubnagar Dist to provide drinking water to Mahabubnagar and Rangareddy districts at a total project cost of Rs. 470.00 Crore under Mission Bhagiratha for sanction of loan of Rs.1816.00 crores (Term – I of Rs.1440.00 crores and Term-II of Rs.376.00 crores) out of the total project cost of Rs.2270.00 crores(excluding IDC). He has also stated that the Bank of India, Hyderabad has forwarded the loan sanction letter for implementation of the above segments for an amount of Rs.1816.00 crores((Term – I of Rs.1440.00 crores and Term-II of Rs.376.00 crores) along with terms and conditions for acceptance of the competent authority. Therefore, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above two segments and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Bank of India.

4. In the ref 4th read above, Govt. have permitted the Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad to take further loan of Rs.13628.00 crores as per the terms and conditions approved by the Finance Department duly extending Govt. guarantee and to provide required margin money through budgetary support, in the eventually of loan being sanctioned by Nationalised Commercial Banks (including (Bank of India of Rs.1816.00 crores) and other Financial Institutions.

5. Government after careful examination of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.1816.00 Crores (Rupees One thousand Eight hundred and Sixteen crores only) from Bank of India (which is part of the amount of Rs.13,628.00 crores)

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for implementation of two segments 1) Providing Drinking water to Chevella, Vikarabad, Parigi, Thandur & Maheshwaram Constituencies in Ranga Reddy Dist from Srisailem Reservoir at a total project cost of Rs.1800.00 Crore and 2) Providing Primary Transmission System from Yellore Reservoir till secondary transmission system within Mahabubnagar Dist to provide drinking water to Mahabubnagar and Rangareddy districts at a total project cost of Rs. 470.00 Crore under Mission Bhagiratha out of the total project cost of Rs.2270.00 crores(excluding Interest During Construction), as per the terms and conditions of Bank of India (Interest rate as One year MCLR of 9.30% + BSS (0.30%) + CRP (0.40) presently 10% P.A to be fixed till 01.4.2020, and reset year thereafter). Government of Telangana will stand as guarantee for repayment of loan taken from Bank of India covering principal & interest. The state margin money (20% of the project cost of Rs.454.00 crores (Rupees Four hundred and Fifty four crores only) (i.e., Rs.360.00 crores Term –I loan + Rs.94.00 crores Term-II loan) and Rs.315.00 crores (Rupees Three hundred Fifteen crores only) (i.e, Rs.250.00 crores as Term-I loan + Rs.65.00 crores as Term-II loan) towards IDC will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended to this order.

6. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

7. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

8. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.15357/216/A1/DCM/2016, dt.24.12.2016

9. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Additional Secretary to Hon'ble Chief Minister,
The PS to Chief Secretary.
The Finance (DCM) Department.
The PS to Special Chief Secretary PR&RD (RWS)
The Engineer -in-Chief, RWS&S, Hyderabad.
The Bank of India, Hyderabad through ENC, RWS&S, Hyderabad
The Advisor to Govt., RWS&S.,
SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

**ANNEXURE to the G.O.Rt.No.1062 , PR&RD(RWS.IV)Dept.,
Dated.29.12.2016**

The terms and conditions approved by the Government:-

No.	Details	Limits	Margin	Pricing/ROI
1)	Term Loan-I	1440.00	20%	1Yr MCLR(9.30%) + BSS(0.30%) + CRP (0.40%) presently 10% p.a. to be fixed till 01.04.2020 and reset yearly thereafter. Spread shall be fixed (based on the MCLR prevailing at the time of documentation resulting to 10% effective ROI)
2)	Term Loan-II	376.00	20%	
Total		1816.00		--

Principal Security: Exclusive charge by way of Hypothecation of assets created out of term loans funded by the Bank with a value of Rs.2270.00 Cr.

Collateral: Nil

Guarantee: Unconditional & irrevocable guarantee of State Government of Telangana.

Purpose:

Term Loan-I: For funding the implementation of the drinking water supply project in the Rangareddy-Srisailam segment under Mission Bhagirathata Chevella, Vikarabad, Parigi, Thandur and Maheshwaram Constituencies with a project cost of Rs.1800.00 Cr and with a margin of 20% to be contributed by the state government before release of our limits.

Term Loan-II: For funding the implementation of the project in the Mahbubnagar-Ranga Reddy Districts (Srisailam-Gudipally Part-1b) under Mission Bhagiratha from Yellore Reservoir with a project cost of Rs.470.00 Cr and with a margin of 20% to be contributed by the state government before release of our limits.

REPAYMENT:

Loan-I:

Term Loan-I - Rs.1440.00 Crores is to be repaid in 48 equal quarterly installments Rs.30.00 Cr commencing from end of March Quarter, 2020. (Moratorium period is upto December 2019 from the date of first disbursement). Door to door tenor is 15 years. Interest is to be serviced at monthly resets.

Loan-II:

Term Loan-II - Rs.376.00 Crores to be repaid in 48 quarterly installments i.e. 47 installments of Rs.7.83 Cr each and 48th installment Rs.7.99 Cr commencing from the quarter end with March Quarter 2020. Moratorium period is upto December 2019 from the date of first disbursement. Door to door tenor is 15 years. Interest is to be serviced at monthly resets.

Pre-disbursement terms and conditions:

- Sanction letter issued by the Bank is to be acknowledged & accepted by the Corporation & State Government duly supported by Board Resolution.
- Submit resolution under section 180(1)(c) of the Companies Act, 2013 fixing its borrowing limits and submission of certificates to that effect from statutory auditors that the aggregate borrowing includes borrowings from our Bank are within such limit.
- Corporation is to submit State Government's approval for
 - Borrowing Rs.1816.00 Cr from our Bank.
 - Providing the unconditional and irrevocable guarantee of the Government of Telangana.
 - Release of margin amount @ 20% of the project cost before effecting every loan disbursement.
 - Servicing of interest during moratorium period.
- Execution of Bank Security documents by the duly authorized officials of the Corporation supported by Board Resolution and the same shall be subject to the legal audit by the Bank.

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5. The Deed of Guarantee to be executed by Government of Telangana and the same shall be vetted by Legal Department of the Bank.
6. Submission of Implementation and draw-down schedules along with DCCO which is to be part of documentation.
7. Payment of upfront fee @0.10% of Rs.1816 Cr i.e. Rs.1.816 Cr + applicable S.T.
8. Corporation is to submit letter of commitment/Government Order from the Finance Department, Government of Telangana for contributing of margin of 20% of the project cost and servicing of the interest during the moratorium period.
9. Inspection of the specific segments to be funded by the Bank will be carried out by the Bank officials along with Chief-Engineer/Executive Engineer of the Corporation.
10. Branch shall engage independent agency for vetting of project feasibility by a retired Chief Engineer from Public Health Engineering and Corporation has to provide the support for the same.
11. Corporation to submit duly attested copies of government approvals, clearances of the project including environment clearances if any.
12. Corporation to submit a certificate that "all the statutory and non-statutory clearances required for implementation of the project are obtained" from State and Central Governments along with copies thereof.
13. Meet, out of pocket expenses incurred/to be incurred by the Bank including all the taxes, stamp duties and any other expenses if any.
14. Corporation shall submit to the effect that the water usage for the project is and will be within the overall water allocation made to the project, necessary land is acquired for smooth implementation of the project, project designs are approved by the competent authority and that there are no inter-state disputes that affect the progress / implementation of the project.
15. Corporation shall undertake that the Bank dues are to be serviced from the project revenues.
16. Corporation to reconfirm that there is "no budgetary support from the state government towards funding of the project, repayment of loan obligations" and that the segments to be funded by Bank of India are allotted to Bank of India, Khairatabad Branch Only.
17. Consent letter from the borrower/guarantor for disclosure of their names in the defaulters' list, CIBIL data in the event of default as per RBI guidelines.
18. Corporation has to submit CA certificate regarding DER which is to be maintained well within 4:1 in the years to come.
19. Release of limits is subject to compliance of bank's internal procedure like CPA and vetting.

Post-Disbursement terms and Conditions:

1. Filing of charges with ROC within 30 days from documentation.
2. Corporation to obtain insurance for the assets created out of the Bank finance with bank's clause and submit copy of the same for our records.
3. The progress of the project shall be monitored by the Branch at regular intervals by obtaining reports from the Chief Engineer. Reports of Chief Engineer / Executive Engineer regarding progress of the project are to be shared with the Bank.
4. The Corporation is advised to explore the possibility of appointing a Project Monitoring Agency for reviewing the project progress.
5. Provide information about the position of various borrowings availed by the Corporation every year beginning with 31.03.2017.
6. Meet any cost escalation from the grants to be provided by the State Government and/or internal resources without recourse to the project lenders.
7. Avail need based loan amount proportionate to the assessed specific project cost by maintaining the required margin amount from time to time.
8. **Mode of disbursement:** Disbursement will be made from time to time at the request of the Corporation to the credit of their current account to be opened with our branch upon receipt of margin of 20% and subsequent disbursements are upon production of end use of funds certificate by the auditor and Chief-Engineer/Executive Engineer of the Corporation for earlier/previous loan disbursements.

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OTHER APPROVALS: The competent authority of the Bank has approved following:

1. Waiver of documentation charges, inspection charges, penal interest, pre-payment charges and all other bank charges and Waiver of TEV study and TEV fees.

Mandatory Covenants:

- 1) The borrower should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior written notice to the Bank.
- 2) In case of default in repayment of the loan / advances or in the payment of the interest thereon or any of the agreed instalments of the loan on due date(s) by the borrower, the Bank and / or the RBI will have an unqualified right to disclose or publish the borrower's name and/ or the name of the borrower / unit and its directors/ partners / proprietors (as well as their photograph) as defaulters / willful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.
- 3) The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.
- 4) In the event of default in repayment to the Bank or if cross default has occurred the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.
- 5) The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business.
- 6) The borrower will utilize the funds only for the purpose/s they have been lent. Any deviation will be dealt with as per RBI/Banks' guidelines.
- 7) The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries / group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
- 8) Corporation to submit Audited Balance Sheet within 8 months of closure of financial year and review / renewal data at least one month prior to due date.
- 9) Borrowers shall not affect any change in the borrower's capital structure which is detrimental to the lenders.
- 10) Promoter's share in the borrowing entity should not be pledged to any Bank / NBFC/ Institution without the consent of the Bank/lender.

II. Mandatory Negative Covenants

- 1) The Bank shall have the right to securitise the assets charged and in the event of such securitization, the Bank will suitably inform the borrower(s) and guarantor(s).
- 2) Without prior consent of the Bank, the Borrower **shall not** during the continuance of the credit facility granted:
 - i) Formulate any scheme of amalgamation or reconstruction.
 - ii) Enter into borrowing arrangement either secured or unsecured with any other bank financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction for the segments to be financed by BOI.
 - iii) Undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies).
 - iv) Create any charge, lien or encumbrance over the segments allotted to BOI or any part thereof in favour of any other financial institution, bank, company, firm or persons.

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- v) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank.
 - vi) Enter into any contractual obligation of a long term nature or which, in the reasonable assessment of the Bank, is detrimental to lender's interest, viz. acquisition beyond the capability of borrower as determined by the present scale of operations or tangible net worth of the borrower/ net means of promoters etc., leveraged buyout etc.
 - vii) Permit any transfer of the controlling interest or make any drastic change in the management set-up including resignation of promoter directors.
 - viii) Pay any commission to the guarantor/s for guaranteeing the credit facilities sanctioned by the Bank other than commission as specified in respective G.Os.
- 3) If the Bank turns down the borrower's request for terms under i) to viii) mentioned above but the later still goes ahead, the Bank shall have the right to call up the facilities sanctioned.

III. Other terms, conditions & covenants, etc. applicable to the sanctioned facility(ies) :-

1. Without prejudice to the demand nature of the advance(s), the/these credit facility(ies) will remain in force for a period of one year and is/are subject to annual review. Next review will fall due on or before 24.11.2017.
2. All the sanctioned credit limits are to be utilised within a period of 6 months from the date of sanction (i.e. before 24.05.2017) failing which these facilities will lapse and any revalidation of the same will be considered at the sole discretion of the Bank.
3. The Company to execute necessary security documents/renewal documents for sanctioned/enhanced limit(s) duly supported by Board resolution and create and register stipulated charges with the authorities specified for the purpose within stipulated time limit before release of sanctioned/enhanced limits.
4. Guarantor(s): All fund based facilities to be guaranteed (Joint & Several guarantee) by Unconditional and irrevocable guarantee of State Government of Telangana.
5. Insurance is to be done by the corporation in the coming days for the segments funded by our bank.
6. The firm/Company to declare/undertake to us:
 - a) to provide to us promptly information (along with comments/explanation) about all material and adverse changes in your project/business, ownership, management, liquidity, financial position etc.
 - b) that any liabilities or obligations under the facilities shall not, at any time, rank postponed in point and security to any other obligation or liabilities to other lending institutions or banks or creditors, unless expressly agreed or permitted by bank.
7. The company/firm to submit a stamped declaration cum undertaking to the effect that :-
 - a. The company/firm or its directors/partners/promoters /guarantors /associate concerns of the company/firm are not on ECGC Caution list/specific approval list, RBI's defaulters/caution list, COFEPOSA defaulters list or our bank's defaulters list, and that no director of the company is disqualified u/s 274 of the Companies Act.
 - b. No legal case of any nature has been filed against the company/its associates affecting the financial position substantially, and in case of any suit is/will be filed against the Company, the bank shall be kept informed;
8. Bank assumes no obligation whatsoever to meet your further (fund based or non-fund based requirements on account of growth in business or otherwise

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without proper revision and sanction of credit limits decided at the sole discretion of the bank. Further, if sanction terms are not complied with by you or if your account is classified as Non-performing Asset (NPA), then bank may not allow further withdrawals in the account.

9. a) Notwithstanding what is stated herein above, we shall at any time and from time to time, be entitled to notify you and charge interest/commission/charges at such notified rates and this letter shall be construed as if such revised rates were mentioned herein.
b) You shall pay to or reimburse all costs, charges, expenses (including charges between the attorney or counsel and bank and those of our internal legal adviser/officer and other experts, consultants or professionals), disbursements, taxes, fees, stamp duties etc. whatsoever, incidental or to arising out of the facilities, their negotiation, the preparation, execution, registration and stamping of the documents relating thereto, the preservation or protection of our rights and interests of the enforcement or realisation of any security or any demand or any attempted recovery of the amounts due from you.
10. We shall be entitled to debit the amounts of all costs, charges and expenses to your account and such amounts shall stand secured by all securities given to or created in our favour in connection with the facilities. You indemnify and keep us fully and completely indemnified from time to time against the liabilities including all costs, charges and expenses stipulated herein whether debited to your account or not.
11. Any failure to exercise or delay in exercising any of our rights hereunder or under any other documents will not act as a waiver of that or any other right nor shall any single or partial exercise preclude any future exercise of that right.
12. So long as any monies are due to us from you under any of the facilities, we shall have a lien/charge for such amounts on all your credit balances, deposits, securities or other assets with, any of the branches of Bank of India or of its subsidiaries anywhere in the world and upon the happening of any of the events of default referred herein, we shall be entitled to exercise a right of set off between the amounts due and payable to us and the said credit balances, deposits, securities and other assets.
13. The bank reserves the right to discontinue any/all the credit facilities granted without giving you any prior notice in case of non-compliance and/or breach of any of the terms and conditions based on which the facilities have been sanctioned to you and/or if any information/particulars/documents furnished by you are found to be incorrect.
14. The Bank carries out the credit rating exercise every year when the facilities are reviewed. However, it reserves the right to carry out the credit rating exercise of the facilities at frequencies considered necessary.
15. The Bank reserves the right to add, amend, alter, cancel and modify any of the terms and conditions stipulated herein above with or without any prior reference to you. Further, the bank's general rules governing advances shall also apply. The company/firm to abide by such terms and conditions as the bank may stipulate from time to time.

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

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